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Welcome! This e-newsletter is designed to provide you with timely and relevant information on what is going on at the State Capitol and issues that will directly affect you. Check out the quick links to the right – the links will provide you with additional information on the top stories this week.

State of the State Review

When Governor Schwarzenegger said last year that he was going to "blow up the boxes" – he definitely kept his promise. He dubbed this year as the "Year of the Reform".

The Governor's reform agenda included four major components:

 Reforming the budget system by stopping auto-pilot formulas from allowing spending to out-pace

revenues. For example, this year, California took in more than \$5 billion more in general fund revenues than last year, but autopilot formulas within the budget system would require we spend over \$10 billion more. As the Governor said simply, "we don't have a revenue problem, we have a spending problem".

- Bringing state pensions into the 21st century California taxpayers cannot afford to continue paying for the archaic and enormously expensive state pension plan. In 2000, our pension obligation was \$160 million. Today, it has ballooned to \$2.6 billion. The Governor's proposal would offer new state employees a Defined Contribution plan instead of the current out-dated Defined Benefit plan still in use for state workers.
- Restoring accountability in elections Governor Schwarzenegger is proposing that by middecade an independent panel retired judges – not politicians – draw California's legislative and congressional districts. Voters should choose their representatives but currently, politicians choose their voters.
- Strengthening education through four major components. Governor's proposal will 1) reward good teachers through merit pay; 2) provide fiscal transparency so parents and taxpayers can see how their education dollars are spent; 3) expand charter schools; and 4) increase vocational education. I will be authoring the Governor's proposal that will reward teachers for excellence by tying pay to performance rather than to seniority.

The Governor also outlined several other major components to his reform agenda that will be important particularly to Southern California. He will propose legislation that eliminates regulatory and legal

News of the Week

Governor's Proposed Budget Released January 10, 2005

Governor's State of the State Address

Do the Math: Money Plus Merit Equals Better Teachers

Rain, Mudslides Torture the Santa Clarita Valley, Requesting State of Emergency

Fillmore: Evacuees gather at Red Cross center, while others try to clean up muck

Proposal Would Fix Seniority System that Does Not Reward or Encourage Excellence

Runner Named Senate Republican Caucus Chair

Runner Named Vice Chair of Senate Health & Environmental Quality Committees

hurdles that delay construction and increase the costs of new housing. He will also make a commitment to California's infrastructure by increasing the efficiency of dollars spent on transportation and promoting public-private partnerships.

Governor's Budget Unveiled

Overall, the Governor proposed a responsible balanced budget with no tax increases. This budget will not penalize the taxpayer for the state's overspending problem. The Governor's budget proposal takes the structural deficit problem head-on.

The Governor's "Spending Control Proposal" would force across-the-board reductions in General Fund spending when revenues decline or when expenditures increase by \$250 million or more from the budget estimated amount.

This budget is a step toward getting the state's fiscal house in order. There are no tax increases and the proposal calls for modest budget increases with the largest growth provided in education. For more information on the budget, there is a link to the Governor's budget proposal in the "News of the Week" column to the right.

Looking Forward to 2005

These are just a few of the major reforms that the Governor outlined. It is an aggressive agenda that will really get California moving onto the road to recovery. Now is the time to take action and make major changes that may upset special interests but will improve the lives of Californians and our economy.

I look forward to a productive year with significant reforms that will not only improve California, but make it flourish.

George C. Runner, Jr. State Senator, 17th District

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